

Federal Tax Provisions	Federal	Louisiana
Extended Tax Deadlines. Extension of deadlines to file returns, pay taxes and perform other time-sensitive acts for certain taxpayers affected by Hurricane Katrina, Rita or Wilma until February 28, 2006	✓	✓
Section 179 Expenses for Small Businesses. Annual "Section 179" deduction up to \$200,000 in qualifying property expenditures in GO Zone and \$1 million phase-out for investment.	✓	✓
Special Bonus Depreciation. First year depreciation deduction of 50% of depreciable basis of qualified property placed in service after August 27, 2005, and before January 1, 2008.	✓	✓
Deduction for Demolition and Clean-up Costs. 50% deduction of clean-up and demolition costs includible in property basis paid or incurred in GO Zone after August 27, 2005, and before January 1, 2008.	✓	✓
Small Timber Owner Expense. Expense up to \$20,000 of reforestation costs incurred from August 27, 2005 through 2007.	✓	✓
Net Operating Losses Carryback Extended. Five-year carryback period for net operating losses attributable to Hurricane Katrina.	✓	✓
Temporary Suspension of Limits on Charitable Contributions. Corporations may elect to deduct qualified cash contributions without regard to 10% taxable income limit if contribution made after August 25, 2005 and before January 1, 2006 to qualified charity for Hurricane Katrina, Rita or Wilma relief.	✓	✓
Charitable Deduction for Contributions of Food Inventory. Any corporation eligible to deduct contributions of "apparently wholesome food" inventory to qualified 501(c)(3) organizations after August 25, 2005 and before January 1, 2006.	✓	✓
Charitable Deduction for Contributions of Book Inventories to Public Schools. Corporations are allowed a charitable deduction for contribution of book inventories made after August 25, 2005 and before January 1, 2006 to public schools.	✓	✓
Work Opportunity Tax Credit. Credit for hiring individuals affected by Hurricane Katrina. ¹	✓	See footnote #1
Employee Retention Tax Credit. 40% of 1st \$6,000 of wages paid to an eligible employee retained through December 31, 2005 for businesses located in GO Zone. ¹	✓	See footnote #1
Employer-Provided Housing Tax Credit. 30% of the cost of employer-provided housing (up to \$600 per month) for employees located in the GO Zone. ¹	✓	See footnote #1
Rehabilitation Tax Credit Increase. 13% of qualified expenditures for rehabilitation of commercial buildings and 26% for certified historic structures through December 31, 2008. ^{1,2}	✓	See footnote #1 & #2
Housing Tax Credit. 130% of qualified project costs to rebuild housing and historic buildings in the GO Zone, Rita Zone and Wilma Zone, so designated as a "Difficult Development Area", in 2006, 2007 and 2008. ¹	✓	See footnote #1
Replacement Period for Nonrecognition of Gain. Replacement period for property involuntarily converted due to Hurricane Katrina increased from 2 years to 5 years.	✓	✓

¹ Louisiana does not have a state provision providing for this credit; however, as a consequence of Act 23 of the 2005 Extraordinary Session, Louisiana is allowing special treatment for disaster relief credits. Normally, when federal income tax liability is decreased by federal credits Louisiana income tax liability increases since Louisiana provides a deduction for federal income tax paid. Act 23 was passed to amend and reenact R.S. 47:287.85(C)(2) and R.S. 47:293(3) to provide that the Louisiana income tax deduction for federal income taxes paid shall not be reduced by the amount of federal disaster relief tax credits. In other words, this provision prevents Louisiana taxpayers from paying additional tax because they received a federal disaster relief credit.

² Same as footnote 1. Additionally, Louisiana has a similar provision to this federal credit; however, it only applies to the rehabilitation of historical structures in downtown development districts.